

AB 1803 – Expanded workload for Environmental Fee Program
BCP No. 12

Purpose:

BOE requests new and continued funding to fully staff the Environmental Fee Program to recover costs associated with implementing and administering the provisions of AB 1803 (Chapter 77, Statutes of 2006). AB 1803 expands the types of businesses (to include more than corporations) subject to the environmental fee.

	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Expenditures:	\$109,000 (New)	\$523,000 (New)	\$519,000 (New)
	Reimbursements	Reimbursements	Reimbursements
Positions:	0.4 (New)	5.4 (New)	6.1 (New)
	(0.4 PY)	(5.1 PYs)	(5.8 PYs)

Background

- AB 1803 (Chapter 77, Statutes of 2006) expands business types subject to the environmental fee, from corporations to include the other ownership types, such as limited liability company, limited partnership, limited liability partnership, general partnership, and sole proprietorship.
- The environmental fee is due and payable to the BOE on the last day of the second month following the end of the calendar year.
- However, Section 25205.6 (i) of the Health and Safety Code states: *The changes made to this section by the act of the 2005-06 Regular Session of the Legislature amending this section shall not increase fee revenues in the 2006-07 fiscal year.*
- Therefore, although this bill is an urgency statute and is effective July 18, 2006, the first return and payment of the fee from such feepayers would be due on or before February 29, 2008 for the reporting period Calendar Year 2007.
- The Environmental Fee program, adjusted to comply with the new legislation, is anticipated to generate \$5.3 million in increased annual revenue. Therefore, the estimated ongoing benefit-to-cost ratio of this proposal is 10.2 to 1.
- This program is administered through an Interagency Agreement with the Department of Toxic Substances Control.

State Board of Equalization**Property and Special Taxes Department****Health and Safety Code,
Hazardous Substances Tax Law****AB 1803 – EXPANDED WORKLOAD FOR ENVIRONMENTAL FEE PROGRAM****Fiscal Year 2007-08****A. Nature of Request**

This proposal requests reimbursement authority for the Board of Equalization (BOE) to recover costs associated with implementing and administering mandated provisions of the newly enacted Assembly Bill (AB) 1803 (Chapter 77, Statutes of 2006). This legislation, in part, expands the types of business subject to the environmental fee from corporations to include: limited liability companies, limited partnerships, limited liability partnerships, general partnerships and sole proprietorships. Specifically, this proposal requests resources to address the following costs:

- \$109,000 in FY 2006-07 to provide resources for the Technology Services Unit, the Customer and Taxpayer Services Section and the Administrative Support Division to begin implementing new provisions of the law by identifying new accounts, reprogramming the Integrated Revenue Information System processes and preparing publications and responses to feepayer inquiries.
- \$523,000 in FY 2007-08 to establish 5 new permanent positions in the Excise Taxes and Fees Division to handle workload created by the 6,600 new Environmental Fee accounts resulting from AB 1803 and 1 permanent position in the Legal Department beginning April 1, 2008. This amount also includes additional resources for other BOE units to implement changes to processes associated with newly enacted legislation.
- \$519,000 to continue existing staffing and additional resources for other BOE units to implement changes and maintain processes during the FY 2008-09.

The 6.0 new positions and related resources, as reflected in the summary table on page 4, are required if the BOE is to effectively and efficiently administer the Environmental Fee program under this new legislation. The BOE will receive reimbursement authority through a renegotiated interagency agreement with the Department of Toxic Substances Control (DTSC) for FY 2006-07 and ongoing.

This program, adjusted to comply with the new legislation, is expected to generate an annual increase of \$5.3 million in Environmental Fee revenue. The estimated ongoing benefit-to-cost ratio is 10.2 to 1.

B. Background/History

Assembly Bill (AB) 1803 – (Chapter 77, Statutes of 2006) – now amends in part, Section 25205.6 of the Health and Safety Code to define an “organization” as a corporation, limited liability company, limited partnership, limited liability partnership, general partnership, and sole proprietorship. This legislation expands business types subject to the fee, from corporations, to include the other ownership types listed above. Section 25205.6 (i) of the Health and Safety Code states: *The changes made to this section by the act of the 2005-06 Regular Session of the Legislature amending this section shall not increase fee revenues in the 2006-07 fiscal year.*

B. Background/History (Continued)

The Environmental Fee is an annual fee that is due and payable to the BOE on the last day of the second month following the end of the calendar year. Therefore, although this bill is an urgency statute and is effective July 18, 2006, the first return and payment of the fee from such feepayers would be due on or before February 29, 2008, for the reporting period Calendar Year 2007. The BOE will incur costs in Fiscal Year 2006-07 and ongoing to implement and administer mandated provisions of this legislation.

This legislation was sponsored by the DTSC and is intended to address the erosion in the annual Environmental Fee base resulting from fewer businesses classified as "corporations" and corporations that classify themselves as limited liability companies and other classifications.

C. State Level Considerations

As required by Budget Letter #06-04 (2007-08 Budget Preparation Guidelines), this proposal addresses the enacted provisions of AB 1803 (Chapter 77, Statutes of 2006) on an ongoing basis.

This proposal is consistent with the BOE's Strategic Plan in the following areas:

Goals:

- Interpret and apply tax and fee laws correctly, consistently, and fairly.
- Collect and allocate revenues as required by law.
- Educate and assist tax and feepayers to comply voluntarily, while minimizing their compliance burden.
- Achieve program objectives at the lowest possible cost.

Issues:

Issue 2 – Strategy 4 - Modernizing Tax Compliance Practices by pursuing changes to tax laws to make them more relevant to current and evolving business practices.

D. Justification/Analysis of All Feasible Alternatives**Alternative 1**

Provide the BOE with reimbursement authority to recover costs associated with implementing and administering mandated provisions of newly enacted Assembly Bill (AB) 1803 (Chapter 77, Statutes of 2006). The BOE will receive reimbursement through a renegotiated interagency agreement with the Department of Toxic Substances Control (DTSC) for FY 2006-07 and ongoing.

Under this alternative, the BOE requests: \$109,000 in FY 2006-07 for start-up costs to begin implementing the new legislation, \$523,000 in FY 2007-08 to fund 6.0 permanent positions and related resources, (1 of the 6 permanent positions will not be established until April 1, 2008), and \$519,000 in FY 2008-09 to continue the existing positions and required resources to meet the expanded workload of the Environmental Fee program. This alternative results in \$5.3 million in additional revenue and a benefit-to-cost ratio of 10.2 to 1.

D. Justification/Analysis of All Feasible Alternatives (Continued)

The following summarizes this request for resources:

Summary of Total Request

Division/Section/Unit	FY 2006-07		FY 2007-08		FY 2008-09 and ongoing	
	Pos.	OT Hrs.	Pos.	OT Hrs.	Pos.	OT Hrs.
Excise Taxes and Fees Division:						
Compliance Section	0	0	4.0	420	4.0	420
Audit Section	0	0	1.0	427	1.0	427
Technology Services Unit						
Contractor Cost	0	612	0	216	0	0
State staff	0	606	0	346	0	0
Board ongoing maintenance	0		0	280	0	337
Interagency Contract - EDD		437		75		75
Legal Department	0	0	.3	0	1.0	0
Administrative Support Division						
Mail Services Unit	0	0	0	0	0	0
Cashiers Unit	0	0	0	97	0	97
Data Entry Unit	0	0	0	210	0	210
Customer and Taxpayer Services (CATS)		34		18		18
(temporary help hours)	0	630	0	0	0	0
Total	0	1,689	5.3	2,089	6.0	1,584
(including CATS temporary help hours)		2,319				

Pros:

- Provides required resources to effectively and efficiently administer the provisions of AB 1803, and the expanded Environmental Fee program.
- Utilizes the expertise of the BOE in administering this program on an ongoing basis since first implemented in 1989.

Cons:

- Increases staffing by 6.0 positions with related costs and resources.
- The Interagency Agreement between the BOE and DTSC must be renegotiated.

Alternative 2**Divert AB 1803, Environmental Fee program workload to the DTSC.**

Under this alternative, the BOE will not request to establish positions and related resources and will renegotiate the Interagency Agreement between the BOE and the DTSC to divert program workload to that agency.

Pro:

- Does not require permanent resources to be allocated to the BOE.

Cons:

- Requires the identification of workload that could be transferred to the DTSC.
- Requires DTSC to take on a new workload that it may not be equipped to handle.

E. Outcomes and Accountability

This proposal will be implemented beginning July 1, 2006. The Technology Services Unit will identify new accounts and modify Revenue Information System processes to accommodate the new account base. The Customer and Taxpayer Services Section will prepare and implement responses to feepayer inquiries. Five permanent staff will be added in the Excise Taxes and Fees Division July 1, 2007, to begin enforcing the provisions of the new law. One additional position will be added to the Legal Department to handle legal opinions, appeals and hearings on April 1, 2008. The outcome of the new process will be measured by comparing the number of accounts and costs of administration, to the total assessments and revenue generated in the Environmental Fee program. Since revenue from the program is routinely measured, increases will be reflected in the Environmental Fee program's regular reporting processes.

F. Timetable

The provisions of AB 1803, expanding the feepayer base to organizations other than corporations, were operative on July 18, 2006 with the first return due the last day of February 2008 for the calendar year 2007 reporting period. Implementation of the new provisions requires the following:

July 2006 – June 2007 (Current Year)	July 2007 – June 2008 (Budget Year)	April 2008 – June 2009 (BY plus one)
<ul style="list-style-type: none"> Perform modifications to the BOE Integrated Revenue Information System (IRIS) and other processes to implement the provisions of AB 1803. Process a Special Notice mailing and other informational outreach to businesses impacted by the provisions of AB 1803. 	<ul style="list-style-type: none"> Establish permanent funding for 5 BOE, Excise Taxes and Fees Division positions effective July 1, 2007 and 1.0 BOE, Legal Department position effective April 1, 2008 and other BOE costs and resources identified in this request for funding. Continue to complete the identified program functions for audit and compliance staff and process the first reporting period returns and payments (calendar year 2007, due the end of February 2008). 	<ul style="list-style-type: none"> Continue permanent funding for the 6 positions and other BOE costs and resources identified in this request. Continue to complete the identified program functions for audit and compliance staff.

G. Recommendation

The BOE recommends that Alternative 1 be approved and that the BOE be authorized the resources to support this program on an ongoing basis. The BOE requests to receive reimbursement through a renegotiated Interagency Agreement with the DTSC.

H. Fiscal Detail

See attached "Fiscal Detail" schedules and exhibits for additional information.

**Excise Taxes and Fees
Division Workload Data**

**BCP No. 12
Exhibit I**

Excise Taxes and Fees Division Compliance Section

(4.0 Positions: 1.0 Business Taxes Representative, 1.0 Tax Technician III, 1.0 Tax Technician II/I, 1.0 Office Assistant-Typing)

It is estimated that as a result of this legislation an additional 6,600 accounts will be subject to registration under the Environmental Fee program. Ongoing compliance section workload includes, but is not limited to, processing account registration, handling feepayer inquiries, sending application packages, activating and updating feepayer registration information, performing account maintenance functions, closing accounts, reviewing and verifying yearly returns, issuing billings and refunds, clearing delinquencies, issuing determinations, and collecting any tax, penalty, and interest not paid. The 4.0 Excise Taxes and Fees Division compliance positions identified in this request for resources and the related workload are identified below:

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours M = Minutes	Time Per Occurrence	Occurrences Per Year	Total Hours
Business Taxes Rep.					
	Registration/account maintenance/closeouts – research and account update processing	M	30.0	1,320	660
	Return review – problem returns inquiry	M	30.0	561	281
	Program advisory service – telephone and correspondence	M	30.0	561	281
	Billing inquiries including audit reconciliation	M	30.0	84	42
	Account receivable adjustments including Relief of Penalty requests	M	30.0	84	42
	Issue refunds	M	71.0	56	66
	Accounts receivable collection cases	M	100.0	256	427
	Accounts receivable – write offs	M	60.0	84	84
	Total Hours per year				1,883
	Total Positions Requested (1,800 hours per position)				1.0
	Overtime Hours				83

Workload Detail					
		Time Measure		On-going Activities	
Classification	Activity	H = Hours M = Minutes	Time Per Occurrence	Occurrences Per Year	Total Hours
Tax Technician III					
	Registration - research SUTD/DTSC referrals	M	12.0	2,700	540
	Return review – problem returns	M	15.0	1,415	354
	Program telephone advisory service	M	12.0	565	113
	Issue return billings (late, NR, PR)	M	25.0	565	235
	Clear delinquencies (research, adjustments)	M	25.0	281	117
	Issue delinquency billings	M	25.0	281	117
	Account receivable adjustments	M	30.0	84	42
	Issue refunds	M	71.0	56	66
	Accounts receivable collection cases (small dollar)	M	75.0	168	210
	Total Hours per year				1,794
	Total Positions (1,800 hours per position)				1.0

**Excise Taxes and Fees
Division Workload Data**

**BCP No. 12
Exhibit 1 (Continued)**

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours M = Minutes	Time Per Occurrence	Occurrences Per Year	Total Hours
Tax Technician II/I					
	Registration processing	M	15.0	2,200	550
	Account maintenance	M	11.0	1,320	242
	Account close-outs	M	10.0	1,320	220
	Registration telephone advisory service	M	10.0	1,320	220
	Review/comp yearly returns	M	6.0	5,610	561
	Total Hours per year				1,793
	Total Positions (1,800 hours per position)				1.0

Workload Detail					
		Time Measure		On-going Activities	
Classification	Activity	H = Hours M = Minutes	Time Per Occurrence	Occurrences Per Year	Total Hours
Office Assistant (Typing)					
	Receptionist's duties (phones, supplies, etc.)	M	15.0	1,320	330
	Prepare, batch, scan, indexing docs/files	M	3.0	6,908	345
	Mail processing & distribution	M	30.0	302	151
	Administrative support (attendance, training, personnel)	M	15.0	1,320	330
	Administrative support (line teams)	M	15.0	1,320	330
	Administrative support (records coordinator, supply)	M	15.0	1,320	330
	Total Hours per year				1,816
	Total Positions Requested (1,800 hours per position)				1.0
	Overtime Hours				16

Workload Detail					
		Time Measure		On-going Activities	
Classification	Activity	H = Hours M = Minutes	Time Per Occurrence	Occurrences Per Year	Total Hours
Miscellaneous OT Hours					
Compliance Specialist	Billings/account adjustments/refunds – review and approval, AR collection assignments - complex, program outreach	-	-	-	321
	Total Hours per year (a_/ (1,800 hours per position)				321
	Overtime Hours				321

a_ / ETFD compliance section overtime hours requested are 420 hours (misc. classifications 321 hours, BTR 83 hours and OA (T) 16 hours)

**Excise Taxes and Fees
Division Workload Data**

**BCP No. 12
Exhibit 1 (Continued)**

**Excise Taxes and Fees Division Audit Section
(1.0 Associate Tax Auditor Position)**

The Board of Equalization's Environmental Fee Audit Section program activities include routine environmental fee audits, analyzing claims for refund, analysis and resolution of petitions for redetermination, and miscellaneous audit planning, training, correspondence and other internal and external agency liaison duties relating to the field audit element. As a result of this legislation, the Audit Section anticipates an increase in the number of audits performed per year and the 1.0 Excise Taxes and Fees Division audit position identified in this request for resources and related workload are identified below:

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours M = Minutes	Time Per Occurrence	Occurrences Per Year	Total Hours
Associate Tax Auditor					
	Audits, routine	H	8.0	132	1,056
	Audit petitions – analyze	H	2.0	20	40
	Audit petitions – summary write-up	H	14.0	20	280
	Refunds – analyze and process	H	2.0	22	44
	Miscellaneous – Agency liaison	-	-	-	100
	Miscellaneous – Correspondence	-	-	-	100
	Miscellaneous – Audit selection	-	-	-	100
	Total Hours per year				1,720
	Total Positions Requested (1,600 hours per position)				1.08
	Total Positions Requested (rounded)				1.00
	Overtime Hours				120

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours M = Minutes	Time Per Occurrence	Occurrences Per Year	Total Hours
Miscellaneous OT Hours					
Office Technician	Program support – personnel issues	-	-	-	50
Tax Technician II	Audit, refunds, petitions: tracking & processing	-	-	-	98
Bus Taxes Specialist I	Audit review, analyze petitions and refunds	-	-	-	159
	Total Miscellaneous Hours per year (b_/) (1,800 hours per position)				307
	Overtime Hours				307

b_/ ETFD audit overtime hours requested are 427 hours (misc. classifications 307 hours and Associate Tax Auditor 120 hours)

Technology Services Division Costs

Project Description: This legislation provides for an expansion of the Environmental Fee Tax Program to include organizations with 50 or more employees. Previously, only corporations with 50 or more employees were subject to this fee. A download file is received from the Employment Development Department (EDD) to register feepayers which will require modification as well as other integrated Revenue Information System (IRIS) processes. The bill was enacted as an urgency statute with functionality required by July 1, 2007.

The following cost estimates and timeline are based on the following assumptions:

- 1) The October 2006 run from EDD must be completed prior to changing the code for the supplemental run. Included in the tables below are costs for EDD programming changes to add business organizations other than corporations and NAICS information to the employer records EDD currently provides to BOE.
- 2) There are no rate changes required.

Fiscal Year 2006-07

Element 1: System Modifications - Development		Hours	Rate	Costs
<i>IRIS – BOE Staff</i>		606	<i>Redirection</i>	\$0
<i>IRIS - Contractor</i>		612	\$90 Hr.	\$55,100
<i>EDD – Staff</i>		437	\$40 Hr.	\$17,500
Total FY 2006-07		1,655		\$72,600

Fiscal Year 2007-08

Element 1: System Modifications - Stabilization		Hours	Rate	Costs
<i>IRIS – BOE Staff</i>		346	<i>Redirection</i>	\$0
<i>IRIS - Contractor</i>		216	\$90 Hr.	\$19,400
Element 2: Other Costs		Hours	Rate	Costs
<i>Annual On-Going Maintenance</i>		280	\$48.60 Hr.	\$13,600
<i>Annual On-Going EDD Contract Costs</i>		75	\$40 Hr.	\$ 3,000
<i>Estimated Teale Cost (Testing Database)</i>				\$10,000
Total FY 2007-08		917		\$46,000

Fiscal Year 2008-09

Element 2: Other Costs		Hours	Rate	Costs
<i>Annual On-Going Maintenance</i>		337	\$48.60 Hr.	\$16,400
<i>Annual On-Going EDD Contract Costs</i>		75		\$ 3,000
Total FY 2008-09		412		\$19,400

Total Project Hours/Cost	2,984		\$138,000
---------------------------------	--------------	--	------------------

Legal Department

As a result of Assembly Bill 1803, potential fee payers now include, in addition to corporations, limited liability companies, limited partnerships, limited liability partnerships, general partnerships, and sole proprietorships. It is estimated that this will result in an addition of approximately 6,600 new fee payers in the Environmental Fee program.

The State Board of Equalization has collected and otherwise administered the Environmental Fee (EF) program since its inception in 1989, on behalf of the Department of Toxic Substances Control (DTSC). The BOE's Legal Department provides legal advice and opinions, handles appeals and Board hearings and conducts conferences and litigation.

It is anticipated the expanded EF program will result in an additional Legal Department workload. This workload estimate is based on the increase in the number of fee payers and an expected increase in the number of questions from fee payers related to the EF law. This could result in the law being challenged in administrative appeals and in the courts.

It is the experience of the Legal Department that when taxpayers or fee payers are new to a tax or fee program, there is an increased likelihood of deficiency assessments due to unfamiliarity and confusion with the new program. This results in an increase in the number of appeals. Since there will be an additional 6,600 fee payers who are new to the EF program, it is anticipated that this legislation will result in additional workload from questions and appeals by these fee payers.

As a result of *The Morning Star Company v. State Board of Equalization, et al.* litigation, DTSC is presently drafting regulations to administer the EF as ordered by the court. It is expected that there may be some confusion and perceived ambiguities or uncertainties based on the introduction of new regulations to the EF program. This new workload was not previously acknowledged in the AB 1232 costing, but subsequent to the California Supreme Court's holding in *Morning Star*, and upon reevaluation, the Legal Department recognizes that the amendments of Assembly Bill 1803 will result in an increased workload.

Furthermore, it is highly likely that at least one or two of the appeals cases will proceed to litigation. It is also possible that an entity, now included in the definition of "organization" as a potential fee payer, or an association that represents these fee payers, will sue for declaratory judgment, challenging the constitutionality of the law in court. Although this fee has already been challenged and is currently on remand from the California Supreme Court for additional proceedings consistent with the Supreme Court opinion, it is likely to be subject to a challenge from the newly created class of fee payers. BOE Legal Affairs staff will be handling these cases. It should be noted that both appeals cases and litigation cases can go on for many years.

Therefore, in light of these circumstances, Legal expects to be actively engaged in:

Administration

1. Preparing for and participating in appeals conferences.
2. Conducting appeals conferences.
3. Preparing for and participating in Board hearings.
4. Responding to complaints and other litigation documents in lawsuits filed in superior or federal courts, conducting depositions, and handling other matters related to litigation.

Legal Department (Continued)

Based on these assumptions and estimates, the Legal Department will need additional staff to handle the workload generated by these activities, as follows:

1 Position – Tax Counsel III – Starting April 1, 2008, – ½ Appeals Division/ ½ Legal Affairs Division.

Workload Detail FY 2007-08, Effective April 1, 2008					
		Time Measure		On-going Activities	
Classification	Activity	H = Hours M = Minutes	Time Per Occurrence	Occurrences Per Year	Total Hours
Tax Counsel III					
	Preparing for and participating in appeals conferences	H	5.0	6	30
	Preparing for and conducting appeals conferences and issuing the D & R	H	30.0	6	180
	Preparing for and participating in Board hearings	H	25.0	4	100
	Responding to complains and other litigation documents in lawsuits filed in superior or federal courts, conducting depositions, and handling other matters related to litigation	H	80.0	2	160
	Total Hours per year				470
	Total Positions (1,800 hours per position)				0.3

Workload Detail FY 2008-09 and ongoing					
		Time Measure		On-going Activities	
Classification	Activity	H = Hours M = Minutes	Time Per Occurrence	Occurrences Per Year	Total Hours
Tax Counsel III					
	Preparing for and participating in appeals conferences	H	5.0	24	120
	Preparing for and conducting appeals conferences and issuing the D & R	H	30.0	24	720
	Preparing for and participating in Board hearings	H	25.0	16	400
	Responding to complains and other litigation documents in lawsuits filed in superior or federal courts, conducting depositions, and handling other matters related to litigation	H	80.0	8	640
	Total Hours per year				1880
	Total Positions (1,800 hours per position)				1.0

Administrative Support Division:

Processing and Facilities Management Section, Mail Services Unit impact:

The Mail Services Unit is responsible for processing the outgoing and incoming mail. Additional postage will be required to cover the cost of the mailings.

Cashier Unit impact:

The Cashier Unit will be required to open mail, batch return forms, and deposit payments. The additional workload will require temporary help hours at the Office Assistant level.

Data Entry Unit impact:

The Data Entry Unit is responsible for entering all information from returns and accounts receivable documents, which is then transferred into the Integrated Revenue Information System (IRIS). The new workload associated with the additional forms will require overtime hours at the Key Data Operator level.

	FY 2006-07	FY 2007-08/On-going
OPERATING EXPENSE		
Mail Services Unit		
Postage (special notice mailing 6,600)	\$3,412.00	
Postage (return, billings and de notice mailings)		\$5,600.00
Total Postage	\$3,412.00	\$5,600.00
Equipment	\$0.00	\$0.00
PERSONAL SERVICES		
<u>Permanent Full Time</u>		
Total Positions	0	0
<u>Overtime</u>		
Data Entry Unit		
Key Data Operator	0	210
(6,600 Rtns@254 KS=1,676,400 TKS / 8,088 KS per hour = 207.3 total hours for returns; 500 Billings@35 KS=17,500 TKS / 8,088 = 2.2 total)		
Total Overtime	0	210
<u>Temporary Help</u>		
Cashier Unit		
Office Assistant (General)	0	97
(84 items per hour – 8,175 return, del and billing items = 97.3 hours)		
Total Temporary Help	0	97

Customer and Taxpayer Services Division:

This enacted legislation will expand the imposition of the hazardous substances fee that corporations pay to the Board, by requiring certain organizations, previously not required, to also pay the fee. The expansion will add 6,600 new fee payers to the current program. The bill will take effect July 1, 2007, with the first return due the end of February 2008.

The CATS Division will be affected in the following ways:

1. Information Center: 4,200 additional calls to be received in first year, and 660 calls in subsequent years.
2. Forms and Publications: Special Notice to 6,600 taxpayers, Revision to 501-ER, New Registration 400-ER (Internet only). Revision to Publication 90 and Publication 60; Revision to BTLG and Law Publications.
3. Customer and Community Outreach Services: Translation of some existing publications.

Projected Customer and Taxpayer Services costs related to this bill are summarized in the following charts.

2006-07 FY (Start-up costs)

CATS Division	Additional PYs (classification & number)		Temporary Help (classification & hours)		Overtime (classification & hours)		Other Costs in Dollars, (materials included)	
INFORMATION CENTER	N/A		Tax Tech I/II	630	N/A		N/A	
EDUCATION OUTREACH	N/A		N/A		N/A		N/A	
FORMS & PUBLICATIONS	N/A		N/A		ATSS DCSII AGPA SSA	10 16 6 2	Printing (pub 90, EFT Newsletter, Special Notice) Envelopes Overprint (Special Notice)	\$7,506 \$197
Total				630		34		\$7,703

2007-08 FY and Ongoing

CATS Division	Additional PYs (classification & number)		Temporary Help (classification & hours)		Overtime (classification & hours)		Other Costs in Dollars (materials included)	
INFORMATION CENTER	N/A		N/A		N/A		N/A	
EDUCATION OUTREACH	N/A		N/A		N/A		Translation contract for existing publications	\$1,500
FORMS & PUBLICATIONS	N/A		N/A		DCSII AGPA ATSS SSA	10 4 2 2	Pub 90, Environmental Fee	\$49
Total				0		18		\$1,549

STATE OF CALIFORNIA
BUDGET CHANGE PROPOSAL--FISCAL DETAIL
STATE OPERATIONS
FISCAL YEAR 2007-08
(Dollars in Thousands)

Title of Proposed Change: **AB 1803 - Expanded Workload for Environmental Fee Program**

Program/Element/Component: **Hazardous Substances Tax Program**

	PERSONNEL YEARS			CY	BY	BY + 1
	CY	BY	BY + 1			
TOTAL SALARIES AND WAGES _a/	.4	5.4	6.1	\$11	\$270	\$336
Salary Savings		-3	-3		-11	-14
NET TOTAL SALARIES AND WAGES	.4	5.1	5.8	11	259	322
Staff Benefits _a/				4	78	99
NET TOTAL SALARIES AND WAGES	.4	5.1	5.8	15	337	421
Distributed Administration _b/				8	38	38
TOTAL PERSONAL SERVICES	.4	5.1	5.8	\$23	\$375	\$459

OPERATING EXPENSE AND EQUIPMENT

General Expense		\$53	\$11
Distributed Administration	2	9	9
Printing	8		
Communications		8	4
Postage	3	6	6
Travel--In-State		3	4
Travel--Out-of -State			
Training		4	4
Facilities Operations		27	17
Consulting & Professional Services: Interdepartmental	18	3	3
Consulting & Professional Services: External	55	21	2
Stephen P. Teale Data Center		10	
Data Processing		4	
Equipment			
Other Items of Expense: (Specify Below)			

_a/ See page 16 of 17 for itemized staff benefits and classification detail.

_b/ Represents Distributed Administration costs resulting from this BCP. The Distributed Administration costs for existing BOE programs will reflect a corresponding decrease which will be addressed in the Planning Estimate process.

	<u>CY</u>	<u>BY</u>	<u>BY + 1</u>
TOTAL OPERATING EXPENSE AND EQUIPMENT	<u>\$86</u>	<u>\$148</u>	<u>\$60</u>
TOTAL EXPENDITURES (State Operations)	<u>\$109</u>	<u>\$523</u>	<u>\$519</u>

Source of Funds

General Fund (0001)

Special Funds:

Breast Cancer Fund (0004)
 State Emergency Telephone (0022)
 Propane Surcharge Fund (0051)
 Motor Vehicle Fuel Account (0061)
 Occupational Lead Prevention Fund (0070)
 Childhood Lead Poisoning Prev. Fund (0080)
 Cig. and Tobacco Prod. Surtax Fund (0230)
 Oil Spill Prevention and Admin. Fund (0320)
 Integrated Waste Management (0387)
 Underground Storage Tank Fund (0439)
 Energy Resources Programs Account (0465)
 CA. Children and Families First Trust Fund (0623)
 Federal Trust Fund (0890)
 Timber Tax Fund (0965)
 Gas Consumption Surcharge Fund (3015)
 Water Rights Fund (3058)
 Elec. Waste Recovery and Recycling Acct. (3065)
 Cig. and Tobacco Prod. Compliance Fund (3067)

Federal Funds

Other Funds

Reimbursements (0995)	<u>\$109</u>	<u>\$523</u>	<u>\$519</u>
Net Total Augmentation (Source of Funds)	<u>\$109</u>	<u>\$523</u>	<u>\$519</u>

**DETAIL OF STAFF BENEFITS
AND PERSONAL SERVICES**

Staff Benefits Detail:					CY	BY	BY + 1
					(Whole Dollars)		
OASDI					\$842	\$19,814	\$24,633
Health Insurance					1,015	21,779	28,054
Retirement					1,450	31,125	40,094
Workers' Compensation					186	3,984	5,132
Industrial Disability Leave					9	201	259
Non-Industrial Disability Leave					12	264	340
Unemployment Insurance					8	182	235
Other					26	549	708
TOTAL					\$3,548	\$77,898	\$99,455

Classification	Positions			Salary Range	Amount		
	CY	BY	BY + 1		CY	BY	BY + 1
Property & Special Taxes:							
Excise Taxes & Fees Div. _d/							
Assoc. Tax Auditor		1.0	1.0	\$57,096		\$57,096	\$57,096
Bus. Taxes Representative		1.0	1.0	39,612		39,612	39,612
Tax Technician III		1.0	1.0	36,480		36,480	36,480
Tax Technician II		1.0	1.0	32,616		32,616	32,616
Office Assistant (Typing)		1.0	1.0	26,064		26,064	26,064
Legal Department: _e/							
Tax Counsel III		.3	1.0	91,308		27,392	91,308
Blanket Funds:							
Overtime (Various)		(.8)	(.8)		1,230	49,308	51,882
Temporary Help	.4	.1	.1		9,878	1,192	1,192
TOTAL SALARIES AND WAGES	.4	5.4	6.1		\$11,108	\$269,760	\$336,250

_c/ The salary is the mid-step of the salary range for the stated classification.

_d/ Permanent, full-time positions effective July 1, 2007.

_e/ Permanent, full-time position effective April 1, 2008.

SUPPLEMENTAL INFORMATION

Dollars in Thousands

	<u>Current Year</u>	<u>Budget Year</u>	<u>Budget Year + One</u>
Proposed Equipment:			
Total			
Proposed Contracts:			
Consulting & Prof. Services (External)	\$55	\$21	\$2
Consulting & Prof. Services (Interdepart.)	18	3	3
Total	\$73	\$24	\$5
One-Time Costs:			
General Expense		\$42	
Communications		4	
Printing	\$8		
Facilities Operations		10	
Teale		10	
Data Processing		4	
Total	\$8	\$70	
Future Savings:			
N/A			
Total			
Full-Year Cost Adjustments:			
N/A			
Total			